

of employment before retirement, including death and disability. This bill provides for 100% immediate vesting in case of death and disability, a customary feature of retirement programs in private industry. The fourth thing that this bill does; the provision for lump sum settlements at retirement has been changed. The present statutes provide a ceiling of \$2,000 in the employees' future service account only. This bill replaces it with a ceiling of \$25 per month retirement income from both future service and prior service. This new ceiling when translated into an equivalent, is about \$3,000 to \$3,500 compared to the original \$2,000. This should relieve some of the pressure from employees to withdraw their account so that they--be a better situation. Now point 5; LB 498 provides for a different method of providing expenses of administration. Previously, all such expenses of administration, all such expenses, were paid from the investment income of the fund. Now this bill provides that all such expenses will now be paid from the State's recaptured, non vested terminations which formerly went to fund past service which is now fully funded so since it's fully funded, then we can use a portion of that for this change in method. This feature will improve ultimate future service benefits thereby and the last thing this bill does is to provide for an orderly transfer to a fully funded status for past service which has just occurred within the past few months. In other words, for the State employees we have a situation which is different than other retirement systems and that is that just in the last few months it has become fully funded. Now the present law is vague on what happens upon full funding of past service. As mentioned above the recaptures of--recaptures of non vested terminations which formerly went to fund past service will now be used to pay administrative expenses. Since the volume recaptured will almost certainly be far in excess of the amount of expenses, the balance remaining will be used to reduce the future service contribution by the State. Now Mr. Prall of the Nebraska Association of Public Employees and Kenneth Steinmiller, Director of the Public Employees Retirement Board, appeared in support of the bill and the bill was advanced with a vote of 4 ayes, 0 nays, 2 absent and not voting. I move that the bill be advanced to E&R initial.

PRESIDENT: Any further discussion now of the bill? Question is shall LB 498 as amended be advanced from general file to E&R initial? All those in favor vote aye. All those opposed vote no. Have you all voted? Clerk will record.

CLERK: 34 ayes, no nays, 15 not voting.

PRESIDENT: The bill is advanced. Senator--Senator Whitney, could you come forward and take the podium please for a minute? While Senator Whitney is coming forward, the Chair would like to introduce some guests that we have here today. We have some members of the International Visitor Program from the United States Department of State and they are three student political leaders from Chile, Nebraska, actually, excuse me; Chile, South America. Alright. Actually, there are four of them but, they're seated over under the North Balcony and I really would like to announce them and have them stand up and maybe we could give them a hand. Mr. Jorge Mechaca and there is Mr. Carlos Enrique Pilasi Concha and then we have also Mr. Lupercio Basquez and we have Mr. Luis Cordero Barrera and we'd like to have them stand up. We'd like to welcome you here. Very good. The next bill on general file is LB 306.

CLERK: Legislative Bill 306. Introduced by Senator Marsh of the 29th district. (read). There are no committee amendments, Mr. President, there are other amendments (read)

SPEAKER: Chair recognizes Senator Carpenter.

SENATOR CARPENTER: What this amendment does, along with the historical things that they might want to video tape, they do